



EXECUTIVE SUMMARY

Summary of a White Paper Report on A DYNAMIC SPORTS AND ENTERTAINMENT COMPLEX In The Heart of Wichita March 15, 2002

The Situation Downtown

For more than a quarter of a century, public-minded citizens of Wichita have expressed concern about the need for downtown development. Many retail stores, services and other businesses are moving to the outer corridors or suburban areas, leaving empty buildings downtown and a deteriorating industrial core area.

It is not a pretty sight for visitors, new business prospects, committees who come to our community to check it out for convention sites, or for attracting our own citizens downtown, even when the popular Wichita River Festival is in full swing in May.

Yet, down the way and across the street from this area are our major financial centers, professional firms and businesses which have made major financial investments in Wichita and who diligently work to improve the environment along our main thoroughfare.

Surrounding this area are many successful attractions and amenities created by public-private partnerships including the popular Old Town area and the exciting and educational Exploration Place. Century II is host to conventions and cultural events such as Music Theatre and the Wichita Symphony. Our major conventional hotel, The Hyatt Regency, is adjacent. Down the river are our magnificent River Museums. Alongside, to the south, is the Kellogg Expressway and its flyover, which citizens voted to pay for with a self-imposed sales tax to relieve traffic congestion.

Everywhere anyone looks, except to our core area, you can see how private-public partnerships have benefited the citizens of Wichita.

For more than a decade almost anyone who has tried has come up with the idea that a Downtown Sports arena would resolve this problem. But the citizens of Wichita turned down that idea in a referendum in 1993.

How the Greater Wichita Area Sports Commission Became Involved

In 1997 Sedgwick County was faced with what to do with the Kansas Coliseum to make it more viable as an attraction. They initiated a coalition of Sedgwick County, the City of Wichita, Greater Wichita Chamber of Commerce, Wichita State University, the Wichita Convention & Visitors Bureau and the newly formed Greater Wichita Area Sports Commission. This coalition was asked to study the possibility of:

- **an amphitheater at the Kansas Coliseum**
- **a Downtown arena**

The coalition commissioned the accounting and consulting firm of KPMG (Peat Marwick) to do a feasibility study to “estimate the economic and tax revenue benefits which could accrue to the local community and the State of Kansas from the construction and ongoing operation of a Regional Event Center and the Kansas Coliseum.”

The 1998 KPMG completed this study and added the “tangible and intangible benefits of a Downtown Arena as:

- **enhancing the area’s image as a business and sports community;**
- **receiving state and regional exposure through media coverage;**
- **providing a first-class entertainment venue to area residents;**
- **generating economic benefits and new tax revenues for local and state governments.**

The Greater Wichita Area Sports Commission was then selected to lead the Downtown Arena Coalition. A feasibility committee comprised of members of the Sports Commission and other individuals knowledgeable in relevant areas was formed. This included several county and city professional staff members. George Fahnstock was named chairman of this committee.

The Feasibility Committee was given seven specific issues to be considered during the study:

1. **Long-range utilization of existing facilities.**
2. **General interest and use for such a facility.**
3. **Design and cost of construction.**
4. **Support of city and county governments.**
5. **Wichita State University’s involvement.**
6. **Management of existing facilities and a Regional Event Center.**
7. **Financial instruments, their availability and feasibility.**

Three sub-committees were formed to give in-depth study to these areas

- **Design, location and cost;**
- **Interest, support and finance;**
- **Utilization and management.**

Since that time, the subcommittees have met frequently and brought their findings to the full committee which meets every Friday morning to discuss, debate and to arrive at unanimity on their conclusions and recommendations.

Based on this analysis, the committee determined that such a facility had great potential for the community if it embraced more than sports and included major entertainment that the Kansas Coliseum could not attract. Plus it could turn the city’s age-old problem of downtown deterioration into one of its

most valuable assets -- a job-producing area with major economic impact upon downtown and the city as a whole.

To help develop this concept and present it to the citizens, the **Harrow Sports Ventures** firm, headed by Rick Harrow, was retained in May 2001. Harrow has spearheaded major public-private projects over the country including several NFL stadiums. He outlined a 14-step plan that included a study of appropriate financial, developmental and marketing information concerning new or planned arenas, and stadiums and infrastructure of facilities in more than 25 communities.

The committee was successful in raising a marketing and communications budget of \$496,000 in private funding from companies and individuals who believed that this sports and entertainment complex would be of great benefit to the downtown area and all the citizens of Wichita. Subsequently they asked Associated Advertising Agency to serve as a communications agency on a pro-bono basis. The agency conducted an awareness TV campaign in February 2002 and have prepared a comprehensive marketing/communications plan to inform the citizens of the opportunities.

Case Studies

Prior to that, case studies of similar projects, either completed or underway, were made in cities which have comparative MSAs to Wichita (MSA of 545,200 with nearly one million people living in a 100-mile radius). The studies were made in these cities:

Bakersfield, CA	Bakersfield Arena	MSA: 661,645	Opened 1998
Des Moines, IA	Iowa Events Center	MSA: 456,022	Started 2001
Little Rock, AR	Alltel Arena	MSA: 583,845	Opened 1999
Moline, IL	Mark of Quad Cities	MSA: 359,062	Opened 1993
Okla. City, OK	MAPS	MSA: 1,083,346	Final 2002
Omaha, NE	Metro Enter/Conv. Ctr	MSA: 716,998	Started 2001

Surveys

The McLaughlin & Associates Survey

Between July 30 and August 1, a survey of voter attitudes was conducted by McLaughlin & Associates of Blauvelt, NY, among registered voters in Sedgwick County, Kansas. This survey revealed these attitudes with an accuracy of +/- 4.9% at a 95% accuracy level.

- o 55.7% say that Downtown Wichita needs to be redeveloped
- o 50.4% approved of using public funds to redevelop downtown
- o 61.9% preferred "pay as you go" with "sunset provisions"

The survey also revealed that voters were more likely to support a regional event center knowing it:

- Would improve the local economy, attract new business and create more jobs.
- Would bring family-oriented shows.
- Would allow for a senior citizen rebate.

The KWCH Channel 12 Opinion Poll

On February 11, 2002, relative to a question on the “sports arena,” adult respondents were asked, “**do you support or oppose the construction of a sports arena in downtown Wichita?**”

Support	51%
Oppose	37%
Not sure	12%

THE COMMITTEE REPORT

(For the complete report, visit the Greater Wichita Area Sports Commission’s web site:
www.wichitasports.com)

Based on several years of background study, surveys, evaluations by business and professional leaders, the Feasibility Committee came to these conclusions.

A. Why we need a dynamic sports and entertainment complex in the heart of the city.

1. A dynamic complex will enhance the quality of life.

The DynaPlex will bring major entertainment, concert tours, tournaments, exhibition games and other events which we could not otherwise attract or who leap frog Wichita.

It would provide a downtown home for Wichita Thunder Ice Hockey and Wichita Stealth Arena Football, and perhaps attract other professional indoor sports team, as well as let us bid on events like NCAA regional tournaments.

2. The DynaPlex would have a dynamic impact on the revitalization of Downtown Wichita. It will have a synergistic effect in bringing in new retail shops, restaurants, service organizations as well as support existing businesses and investments already in the downtown area. It will bring people back to downtown and with people will come more businesses.

3. It will have a dramatic economic impact upon Wichita.

It will provide economic strength to the community and will create jobs both during construction and for ongoing operations with increased employment in both existing and new businesses attracted to the area.

4. **The DynaPlex will be a first-class facility of which all Wichitans will be proud.** It would bring together and promote all of Wichita's attractions and amenities:
 - **Old Town**
 - **Exploration Place**
 - **The River Museums**
 - **Century II**
 - **Hyatt Regency and others.**
5. **The DynaPlex will give Wichita a first-class image.**

We will be able to compete with other cities such as Oklahoma City, Kansas City, Des Moines, Omaha and Little Rock which have aggressively constructed and promoted facilities such as this.

B. A Wichita Sports and Entertainment Authority will have jurisdiction over the DynaPlex and Kansas Coliseum

A Wichita Sports and Entertainment Authority will be created and will have jurisdiction over both the Wichita DynaPlex and the entire Kansas Coliseum complex, including the Pavilions. This Authority will report to the City Council and have the responsibility to develop, operate and maintain spectator sports and entertainment facilities.

C. How Does The Kansas Coliseum Fit In?

1. **The Kansas Coliseum does not meet today's need for a quality sports and entertainment facility.**
 - o It is a 24-year-old facility originally designed for agricultural and related events.
 - o It is not ADA compliant and its construction is not conducive to solve the problems with stairs, restrooms and concourses to handle crowds at breaks.
 - o It does not have the capacity to attract major concert tours or family shows.
 - o It does not have the capacity to attract many major NCAA or professional events.
 - o It is not easily accessible from the city.
 - o If the DynaPlex initiative fails, Sedgwick County and the Kansas Coliseum has developed plans for upgrading the facility at a cost of \$60 to \$100 million which could then involve a mill levy increase.
2. **The Kansas Coliseum will work in harmony with the new Sports and Entertainment Complex.**

- Its mission will be redefined to primarily host agricultural-related events such as horse shows, rodeos, tractor pulls and dog shows, or for events which require flat floor space such as sport, boat and travel shows.
- The Kansas Coliseum will be upgraded to be ADA compliant, which will be funded by the Wichita DynaPlex project.
- The Wichita DynaPlex will fund any losses incurred by the Kansas Coliseum.

D. Scope of the DynaPlex Project

- 1. Capacity.** The Wichita DynaPlex is planned as a first-class multi-purpose facility to include family shows, entertainment and sporting events. It will have two concourses and an upper balcony. It could be configured for:

o	Hockey	15,000 seating
o	Basketball	16,000 seating
o	Concert (center stage)	17,000 seating
o	Concert (end stage)	15,000 seating

In addition to these configurations it will feature 24 suites at mid-level, expandable to 48. It will have a club lounge and restaurant facilities, concessions accessible at two levels, retail stores, lockers and dressing rooms plus a multitude of other amenities.

- 2. Parking** There will be 12,185 parking spaces available within a four-block area including **2500-3000** new on-site parking locations at the DynaPlex facility. This breaks down as follows:
 - 5,033 public parking (including the new 2500-3000)
 - 1,488 leased spaces
 - 3,164 customer spaces
 - 2,500 undesignated

This basically exceeds the recommendations of the city for one parking space for each three seats.

3. Budget (including the renovation of the Kansas Coliseum)

Hard Construction Cost (structure, finishes, mechanical, electrical, etc.)	\$85,000,000
Soft Cost and Development (legal, design, financing, data/phone, etc.)	\$24,000,000
Land Acquisition (purchase, environmental, demolition, infrastructure, etc.)	\$7,000,000
Site Development (parking, utilities, landscape, hardscape, etc.)	\$10,000,000
FFE (scoreboard, equipment, concessions, furniture, etc.)	\$8,000,000
Contingency & Escalation	\$6,000,000
Total Construction Budget	\$140,000,000
Kansas Coliseum Renovation	\$10,000,000
GRAND TOTAL	\$150,000,000

4. Preliminary Design Schedule

TASK	COMPLETION
Special election for Wichita Sports and Entertainment Complex	May 21, 2002
Design Complete	August 1, 2003
Construction Complete	November 1, 2005

E. Location

1. Site Evaluation Criteria

- Access from all directions for ingress and egress
- Link between downtown and Century II
- Ample parking
- Land area and cost
- Proximity to restaurants and
- Minimal displacement of business/ supporting facilities/ residences

2. Options

Initially 20 tracts of land were examined. This was reduced to eight potential locations and then reduced to three.

Site A

Near the intersection of St. Francis Avenue and English Street, and west of the Burlington Northern Santa Fe Railroad tracks.

Site B

Southeast of Broadway Avenue and Waterman Street

Site C

South of Lewis Street and west of Main

F. Utilization and Event Analysis

(First Year)

The committee explored most every area affecting the utilization and event analysis, including the experience of communities who have gone through this process. Professionals involved in the Case Study Reports and the experience of the Kansas Coliseum and Horrow Sports Ventures. Taken into consideration were events which normally come to the Kansas Coliseum and the effect of the Roundhouse Renaissance at Wichita State University. Ticket price estimates were based upon current prices of events in Wichita. Worst-case scenarios were estimated at 66 events, break even at 70, and best scenarios at 133 events. The committee identified 118 additional events that don't normally come to Wichita, which could possibly be attracted once the DynaPlex is completed. It finally settled at 101 events in the first year with the following projections:

Forecasts

Number of Events	101
Forecast of Total Paid Attendance	567,000
Total Operating Revenues	\$2,385,615
Operating Expenses	\$3,505,038
Operating Income Before Other Inc./Exp.	(\$1,119,423)
Other Income/Expenses	\$1,956,289
Forecast: Operating Income-DynaPlex	\$836,866
Forecast: Operating Income-Kansas Coliseum	(208,869)
Total Net Operating Income	\$627,007

G. Economic Impact of the DynaPlex upon Wichita and the immediate Project Area adjacent to the Complex Site over a 10-year period (2005-2015)

This report is based on two reliable studies and reports:

- 1. A March 4, 2002 update of the KMPG Economic and Fiscal Analysis** of the direct and indirect impact of construction and ongoing operation of the proposed DynaPlex facility that would accrue to Wichita, not including the anticipated growth in the immediate area surrounding the DynaPlex.
- 2. The Project Area Report** dealing with the direct economic impact of the redevelopment that would occur using actual results of Old Town as a model.

THE COMBINED ECONOMIC IMPACT OF THE DYNAPLEX AND IMMEDIATE PROJECT AREA

Total Economic Spending Benefits	\$392,256,000
New Construction Spending	\$271,370,000
Generation of New Sale/Use Tax	\$123,790,000
Property Tax	\$27,430,000
Employment	
During construction (DynaPlex)	1,260
Ongoing after construction	530
Project area	Not estimated

H. Financing the DynaPlex Complex

- o \$150,000,000 of General Obligation Bonds**
- o 4.75% interest rate**
- o Funded by a 1/2 % sales tax increase in the City of Wichita.**

Private funding of \$15,000,000 for naming rights, etc. to reduce the debt to \$135,000,000.

“Sunset” in 13 years or sooner when bonds are paid off.

Sales Tax Rebates

- **Senior citizen rebate to qualified citizens, age 65 plus**
- **1-1/2% rebate for purchases made in Wichita of new or used cars, trucks or vans.**

Progress and Development Fund

Surplus cash has been incorporated in funding to accommodate the following needs:

- o Operating reserves (\$350,000/year operating deficit for 30 years)
- o Major repairs and long-term facility endowment (30 years)
- o Development initiatives
 - Downtown development infrastructure
 - Public safety /facility signage /facility promotion
 - Youth sports programming
- o Early debt retirement

What will the sales tax increase cost an average family?

A family at Wichita’s median income level of \$46,500 could pay sales tax on as much as \$20,000 in annual sales-taxable purchases. Families in this category would pay an average of \$100 in additional sales taxes each year. That’s about the cost of two cans of soda each week, a pizza every other month or a super value meal once a month.

I. Conclusions

After five years of study, thousands of hours of meetings and research, working with consultants and business leaders knowledgeable in relevant areas, the Feasibility Committee of the Greater Wichita Area Sports Commission has come to these conclusions, among others, about a dynamic Sports and Entertainment Complex in the heart of the city:

1. The citizens of Wichita recognize and are ready to support an initiative to revitalize Downtown Wichita.
2. The people want more than a sports arena. They want first-class entertainment and economic benefits.
3. A Sports and Entertainment Complex is the perfect catalyst to resolve this age-old problem downtown.
 - It will enhance the quality of life in the community.
 - It will provide economic impact.
 - It will initiate revitalization of downtown Wichita.

4. The DynaPlex will promote the city's appeal as a convention center and capitalize upon our other attractions and amenities.
5. The Kansas Coliseum will work in harmony with the DynaPlex.
6. The economic impact of \$660 million in spending benefits over a 10-year period is four times the \$150 million cost, making it an excellent investment.
7. The 1/2% sales tax increase with a "sunset" clause is the proper way to finance the DynaPlex.
8. Rebates to senior citizens and for the purchase of vehicles in Wichita are the right thing to do.
9. Now is the right time to do it because
 - Of the economic impact
 - Interest rates on bonds are at 40-year low
 - The jobs it will create
10. It should be decided at a single-issue special election
 - to keep the focus on a single issue and not get confused with political issues
 - to keep it from becoming a political football in which candidates would need to take sides.

That is the reason our group and our supporters have agreed to underwrite the \$75,000 to \$90,000 it will take to pay for the election.